

**BEFORE THE DIRECTOR OF THE UNITED STATES
PATENT AND TRADEMARK OFFICE**

In the Matter of)	
)	
Gary Walpert,)	Proceeding No. D2018-07
)	
Appellant.)	

Final Order

Pursuant to 37 C.F.R. § 11.55, Gary Walpert (“Appellant”) has appealed the June 14, 2019 Initial Decision and Order (“Initial Decision”) of Administrative Law Judge (“ALJ”) Alexander Fernandez to the Director of the United States Patent and Trademark Office (“USPTO” or “Agency”). In that Initial Decision, the ALJ concluded that Appellant violated 37 C.F.R. § 11.804(c) (Count I); 37 C.F.R. §§ 11.101, 11.103, 11.104, 11.303(a), 11.801(a) and (b), and 11.804(c) (Count II); 37 C.F.R. §§ 11.101, 11.103, 11.104 (Count III); and 37 C.F.R. §§ 10.62 (2012), 10.65 (2012), and 11.108(a) (Count IV).¹ (A.23).² After considering these violations and the relevant factors set forth in 37 C.F.R. § 11.54(b), the ALJ ordered that Appellant be excluded from practice before the USPTO in patent, trademark, and other non-patent matters. (A.26).

¹ Effective May 3, 2013, the USPTO Rules of Professional Conduct (“USPTO Rules”), 37 C.F.R. §§ 11.101 through 11.901, apply to persons who practice before the USPTO. Prior to May 3, 2013, the USPTO Code of Professional Responsibility (“USPTO Code”) applied to persons practicing before the USPTO. *See* 37 C.F.R. §§ 10.20-10.112. Appellant engaged in misconduct that violated both the USPTO Rules and the USPTO Code.

² References to specific pages in the Administrative Record are designated as “A. ”.

In this appeal, an appeal brief (“Appeal”) was submitted by Appellant and the Director of the USPTO Office of Enrollment and Discipline (“OED Director”) submitted a response brief (“OED Response”).

For the reasons set forth below, the USPTO Director affirms the ALJ’s Initial Decision.

I. FINDINGS OF FACT

1. Appellant was admitted to the Massachusetts State Bar on April 1, 1971. (A.5; A.29 ¶ 1; A.70 ¶ 1). He was registered as a patent attorney by the USPTO on February 22, 1972. (A.5; A.29 ¶ 2; A.70 ¶ 2). He has been a patent practitioner for more than 40 years and has worked at numerous law firms as a patent practitioner. (A.5; A.30 ¶ 7; A.70 ¶ 7; A.331 ¶ 5; A.3997). Appellant began working for Pierce Atwood in May 2015. (A.5-7; A.1409-10; A.3997-98). Appellant is currently in active status before the USPTO and runs his own practice, Walpert Intellectual Property, from his home. (A.5; A.3998).

Appellant and EAH

2. EnvAirHealth (“EAH”) was formed in or around February 2013 by John Kikoski, and several other colleagues, with the goal of developing novel technology to help detect and prevent hospital-acquired infections. (A.5; A.3645-46). Appellant and Mr. Kikoski had a previous working relationship. (A.5; A.3646). Mr. Kikoski approached Appellant about participating with EAH. (A.5; A.3647).

3. On April 18, 2013, Mr. Kikoski emailed Appellant a confidentiality agreement with the goal that Appellant would be involved with EAH as a “co-founder.” (A.6; A.340 ¶ 84; A.3831-36; A.75 ¶ 81). Appellant signed the agreement and returned it two days later. (A.6; A.340 ¶¶ 84, 85; A.3838-42). Subsequently, Appellant was listed as one of the five “original members” and a 5% owner of EAH in drafts of a limited liability company agreement that circulated between Mr.

Kikoski, Appellant, and the other members of the startup. (A.6; A.75 ¶ 86; A.340-41 ¶¶ 86, 87, 89; A.3844-79; A.3881-925; A.3927-69). The 5% ownership interest was conferred to Appellant at his own request, as compensation for his providing legal services. (A.6; A.341-42 ¶ 92; A.911; A.916; A.3779). Appellant was not otherwise compensated for legal services that he provided to EAH. (A.3649:12-16).

4. Appellant worked with EAH over the course of several years, between April 2013 and June 2016, to review and advise the company on drafting patent applications, and then to file multiple provisional and non-provisional applications. (A.6; A.338 ¶ 68; A.823; A.3647-48; A.4247-48).

5. Appellant did not obtain informed consent from EAH to the risks associated with transacting business with a client. (A.342 ¶ 93; A.3649-50). Appellant did not give EAH any disclosure about the risks associated with his business relationship with EAH. (A.342 ¶ 94). Appellant did not disclose any potential risks, nor did Appellant disclose to the members of EAH the risk that, under the arrangement whereby he obtained an interest in the company in exchange for providing legal services, his motivation to continue to diligently provide services might be affected by how much he valued the interest in the company. (A.342 ¶¶ 94-95).

6. In representing EAH, Appellant followed a strategy of filing a series of provisional patent applications that would later be converted into one or more all-encompassing utility patents or an “integrated super patent.” (A.6; A.3765:2-7) (Feb. 18, 2014 email); (A.909-14). This strategy was conveyed to Mr. Kikoski. (A.6; A.3765:2-7). Mr. Kikoski is not an attorney or a patent agent. (A.3668: 2-5). EAH relied on Appellant to advise them regarding the formalities of the patent applications and to handle filing and prosecution of the applications. (A.338 ¶ 67; A.3668:6-8).

7. Between May 2013 and October 2014, Appellant worked with EAH to develop 21 patent applications for filing with USPTO, most of which were provisional applications, on behalf of EAH with the USPTO. (A.368 ¶ 68; A.1344 ¶ 4; A.4013:1-7).

8. On May 1, 2015, Appellant was hired as a patent attorney by the law firm of Pierce Atwood LLP. (A.7; A.4006). At that time, he entered into a Counsel Agreement with the firm (A.815-22) that permitted him to “continue to be a member of [EAH] and continue to provide counsel and services to [EAH]. . . as a result of being a member thereof.” (A.7; A.341 ¶ 91; A.816). Such services consisted of “analysis and counseling regarding intellectual property and transactional matters.” (A.7; A.823).

9. Four nonprovisional utility patent applications that were filed on behalf of EAH after Appellant joined Pierce Atwood included:

- a. On [REDACTED], Appellant filed the specification and claims for U.S. Patent Application No. [REDACTED] (“the [REDACTED] application”). (A.7; A.334 ¶ 30; Gov. Ex. 77). This application claimed priority from a provisional application Appellant had filed on [REDACTED]. (A.7; A.334 ¶ 30; Gov. Ex. 77 at 17; Gov. Ex. 96). On [REDACTED], Appellant filed the drawings associated with the [REDACTED] application. (A.7; A.71 ¶ 21; A.334 ¶ 30). On [REDACTED], Appellant received notice that the USPTO’s filing date for the [REDACTED] application was [REDACTED] (the date the drawings were submitted) and, consequently, that the priority date for the application had been lost. (A.7; A.334 ¶ 33). Restoring the benefit of the provisional filing date required the applicant to file a petition under 37 C.F.R. § 1.78(b) within two months stating that the delay was unintentional. (A.7). However, Appellant never filed the necessary petition. (A.7; A.334 ¶ 34).

- b. On [REDACTED], U.S. Patent Application Nos. [REDACTED] (“the [REDACTED] application”) and [REDACTED] (“the [REDACTED] application”) were filed on behalf of EAH by one of Appellant’s Pierce Atwood associates. (A.8; A.333 ¶¶ 18, 25; A.71 ¶ 16; Gov. Exs. 79-80). Each application claimed priority from a provisional application allegedly filed with the USPTO on [REDACTED]. (A.8; A.333 ¶¶ 18, 25; Gov. Ex. 79 at 20; Gov. Ex. 80 at 5; Gov. Ex. 94; Gov. Ex. 95). However, the cited provisional applications had actually been filed on [REDACTED] [REDACTED]. (A.8; A.333 ¶ 18; Gov. Ex. 94 at 3; Gov. Ex. 95 at 3). This was communicated to Appellant in the filing receipts for the [REDACTED] and [REDACTED] applications. (A.8; A.2547; A.2687). As a result, the [REDACTED] and [REDACTED] applications were filed more than a year after the associated provisional applications and restoring the benefit of the provisional filing dates required the filing of a petition under 37 C.F.R. § 1.78(b). (A.7; A.71 at ¶¶ 17, 19; A.334 ¶¶ 21, 28). However, Appellant never filed the necessary petition. (A.8; A.334 ¶¶ 22, 29). USPTO also issued a “Notice To File Missing Parts” for each application on [REDACTED] [REDACTED], as a result of the filing fees having not been paid and an abstract describing the technical disclosures not being provided. (A.8; A.333 ¶ 23). Responses to the Notice To File Missing Parts were due within two months but Appellant did not file a response. (A.8; A.333 ¶ 24).
- c. On November 23, 2015, U.S. Patent Application No. 14/893,450 (“the ‘450 application”) was filed on behalf of EAH by one of Appellant’s Pierce Atwood associates. (A.8; A.332 ¶ 14; Gov. Ex. 78). On January 20, 2016, USPTO mailed a Notice of Abandonment for the ‘450 application to Pierce Atwood, stating that it

had gone abandoned for failure to file the full U.S. basic national filing fee within 30 months. (A.8; A.2496). Respondent did not file a petition to revive the ‘450 application. (A.8; A.71 ¶ 14; A.333 ¶ 16).

10. Beginning in July, 2015 and continuing into January 2016, Mr. Kikoski received a series of notices from USPTO stating that various EAH patent applications had gone abandoned for failure to timely respond to deficiency notices. (A.7; A.338 ¶ 69; A.339, ¶¶ 70-75; A.828-35 (Gov. Exs. 6-9); A.837-47 (Gov. Exs. 11-16)). After he began receiving these notices, Mr. Kikoski reached out to Appellant with questions about and concerns over the notices. For example, in one email dated July 30, 2015, he stated:

“As recent as last week, you assured me that everything was fine with all [EAH] PTO matters. Clearly, this is not the case. I am shocked by what has transpired and need your assistance to correct these matters as soon as possible.”
(A.7; A.828).

Later that same day, Mr. Kikoski emailed Appellant and thanked him for his follow up and his “assurance that the Abandonment Notices received will be resolved as reinstated patents.” (A.7; A.339 ¶ 70; A.830). Mr. Kikoski further informed Appellant that he received a third abandonment notice and “would greatly appreciate . . . if you could address this matter along with the two prior ones,” to which Appellant respondent “Will do John.” (A.7; A.339 ¶¶ 70-71; A.830-32).

11. Mr. Kikoski subsequently sent similar emails regarding at least six other notices of abandonment that he received between July 2015 and January 2016, thanking Appellant in each message for Appellant’s assurances that the abandoned patent applications would be resolved as reinstated patents. (A.7; A.339 ¶¶ 70-75; A.828-35; A.837-47). Mr. Kikoski was concerned about the notices but Appellant repeatedly reassured him that the notices were “Standard

operating procedure” and “no big deal” and, further, that Appellant would refile or reinstate the patent applications. (A.7; A.3673:5-8).

Appellant’s Termination from Pierce Atwood

12. In early 2016, attorney Kevin Farrell, the newly installed chair of Pierce Atwood’s patent practice group and Appellant’s supervisor, discovered that Appellant had not entered any time into the firm’s billing records for several months. (A.8; A.332 ¶¶ 8-9; A.870; A.3487:11-22; A.3553-57). Further investigation revealed four apparent filing irregularities in the firm’s electronic docketing system pertaining to patent applications Appellant was handling. (A.8; A.332 ¶ 9; A.870). Specifically, the docketing system displayed the following messages: “CONFIRM FILING DATE” for the [REDACTED] application; “CHECK PRIORITY INFO” for the [REDACTED] and [REDACTED] applications; and “FILE PETITION TO REVIVE?” for the ‘450 application. (A.8; A.71 ¶ 11-13; A.332 ¶¶ 10-13; A.870-71; A.3556:2-7).

13. On March 9, 2016, Mr. Farrell and Pierce Atwood’s Managing Partner, David Barry, met with Appellant and inquired about the four filing irregularities. (A.8; A.334 ¶ 36; A.71 ¶ 23; A.871; A.3559:11-16). In that meeting, they asked Appellant whether EAH was aware of the four filing irregularities. (A.8; A.334 ¶ 36; A.71 ¶ 23; A.871; A.3560:13-20). Appellant respondent affirmatively and agreed to provide evidence of his communications with EAH. (A.8; A.335 ¶ 37; A.71 ¶ 24; A.871; A.3561:12-16). However, although Mr. Farrell raised this issue with Appellant several more times in the following weeks, Appellant never produced the evidence of his communications with EAH about the filing irregularities. (A.8; A.335 ¶¶ 38-40; A.71 ¶ 25-27; A.871; A.3560).

14. On the morning of April 14, 2016, Mr. Farrell directed Appellant to provide evidence of his communications with EAH no later than 2:00 that afternoon. (A.9; A.335 ¶ 40; A.71 ¶ 27;

A.3562:14-17; A.3563:1-20). Appellant did not provide the requested evidence by the close of business on April 14, 2016. (A.71 ¶ 28; A.335 ¶ 41; A.871; A.3563:1-20).

15. On April 15, 2016, Appellant forwarded three emails to Mr. Farrell as evidence that he had informed EAH of the four filing irregularities and advised how to address those irregularities. (A.9; A.335 ¶¶ 43, 45; A.871; A.875-77). Each of the emails was dated February 5, 2016 and addressed to “John” at [REDACTED]. (A.9; A.335 ¶ 43; A.873; A.875-77). February was misspelled in one of the headers (A.877) and Appellant now admits that he knew Mr. Kikoski’s email was actually [REDACTED], not [REDACTED] (A.9; A.335 ¶ 44; A.336 ¶ 50(e); A.72 ¶ 32; A.3673:12-22).

16. Having concerns about the emails’ authenticity, Mr. Farrell asked Pierce Atwood’s IT Director to review the emails Appellant provided and that review confirmed that Appellant had sent them to an invalid email address on the morning of April 15, 2016 not February 5, 2016. (A.9; A.335-36 ¶¶ 46-47; A.336 ¶ 50; A.871-73). Appellant sent the three emails to an invalid address, after which he forwarded the sent messages to his personal email account before sending them back to his Pierce Atwood account and forwarding them to Mr. Farrell, which allowed him to alter the “sent” dates to make it appear as if the messages had been sent two months earlier. (A.9; A.335-36 ¶¶ 46-47; A.871-73).

17. Appellant admitted to falsifying the emails in an April 21, 2016 meeting with Mr. Farrell and Mr. Barry, although he claimed that he had communicated orally with Mr. Kikoski about the filing irregularities. (A.9; A.72 ¶ 39; A.337 ¶ 52; A.873). Pierce Atwood promptly terminated Appellant’s employment. (A.9; A.72 ¶ 40; A.337 ¶ 53; A.873).

18. Later that day, Mr. Kikoski was informed via email that Pierce Atwood and Appellant had parted ways. (A.9; A.3681:12-21; A.3683). He confirmed the separation in a call with

Appellant, who informed Mr. Kikoski “that he had some disagreement with senior management and that he was leaving the firm over an unrelated issue.” (A.9; A.3682:1-6). He further instructed Mr. Kikoski to tell Pierce Atwood that he was still EAH’s attorney, which Mr. Kikoski did. (A.9; A.3682:6-14). Mr. Kikoski was unaware of any problems with EAH’s patent applications at this time, other than the abandonment notices he previously received and understood Appellant was handling. (A.9; A.3683).

19. Pierce Atwood reported Appellant to the Massachusetts Board of Bar Overseers (“BBO”) on May 2, 2016. (A.9; A.72 ¶ 41; A.337 ¶ 54). Appellant obtained counsel in connection with the BBO investigation. (A.9; A.853-56; A.915-18) (response to BBO investigation by Appellant’s counsel). On June 13, 2016, upon his counsel’s advice, Appellant called Mr. Kikoski to notify him of the BBO investigation and to provide, for the first time, a full account of the circumstances surrounding his departure from Pierce Atwood. (A.9; A.4233).

20. On June 16, 2016, Mr. Kikoski emailed Pierce Atwood and requested a full accounting of the 21 patent applications Appellant was handling for EAH. (A.9; A.852; A.3685-87; A.3686:14-22). That email also stated “[e]arlier this week, [Appellant] brought to my attention some irregularities that occurred while he was employed at Pierce Atwood LLP.” (A.852).

21. Eventually, Pierce Atwood obtained access to the USPTO prosecution history records for most of EAH’s patent applications and attempted to revive the applications and address various deficiencies at no charge to the client. (A.10; A.3583:11-19; A.3584-86; A. 3729:3-14; A.3763:2-4; A.3772:7-12). These actions included responding to the Notices to File Missing Parts and paying the missing filing fees for the [REDACTED] and [REDACTED] applications, and filing petitions requesting the benefit of a provisional filing date for the [REDACTED], [REDACTED] and [REDACTED] applications, which the USPTO ultimately granted. (A.10; A.3584-86).

22. EAH ultimately allowed its patent applications to go abandoned as a result of its patent portfolio being “a total mess.” (A.10; A.3730; A.3586-87). Problems identified with their patent portfolio included expired provisional application that caused a loss of priority dates and claims; utility patents that were significantly narrower in scope than the provisional applications and which failed to properly capture the inventors’ claims; and applications being filed without sufficient prior art and claim development such that their value was limited. (A.10; A.3730:13-22; A.3743:11-21; A.3763:13-22; A.3764-65). Further, the market had caught up to EAH’s novel ideas. (A.10; A.3742-43). The company’s reputation and the relationships between the founding members had also been irreparably damaged. (A.10; A.1325; A.3742:11-13)

23. Pierce Atwood ultimately disengaged EAH as a client and reported Appellant’s conduct to the USPTO. (A.10; A.1321).

24. EAH thereafter accused Pierce Atwood of malpractice, as a result of Appellant mishandling its patent portfolio while working for Pierce Atwood. (A.10; A.1304-28). However, the parties negotiated a confidential settlement of that matter. (A.10; A.3750:10-18; A.3774:5-12).

BBO Investigation

25. Appellant admitted to the BBO that he had sent the three fabricated emails to Mr. Farrell, although he attributed that action to a moment of panic and the belief that he may lose his job for unrelated reasons. (A.10; A.909). He maintained, however, that he had orally advised EAH of the filing irregularities involving the [REDACTED], [REDACTED], [REDACTED], and ‘450 patent applications. (*Id.*). Further, he insinuated that the abandoned applications were because EAH was “a start-up company” and that EAH did not have the means to pay for the filing fees and other expenses associated with prosecuting patent applications. (A.10; A.909-18).

II. OED DISCIPLINARY PROCEEDING

After receiving Pierce Atwood's Complaint regarding Appellant, on October 25, 2016, the USPTO initiated an investigation. (A.11; A.870-74; A.884-89). The matter was assigned to OED staff attorney, Andrew Roberts, who conducted an investigation and sent three Requests for Information and Evidence Under 37 C.F.R. § 11.22(f) ("RFI") to Appellant. (A.11; A.884-89). Mr. Roberts also sought information from EAH and Pierce Atwood. (A.11; A.902-07; A.1329-31). During the investigation, Appellant admitted to OED that he had sent fabricated emails to his firm, though he excused it as a one-time lapse of judgment and maintained that his client had been kept properly informed about the status of its patents and EAH was unable to financially prosecute its patent applications. (A.11; A.909-18).

The OED Director filed a Complaint and Notice of Proceedings under 35 U.S.C. § 32 ("Complaint") with the ALJ on December 15, 2017, Charging Appellant with five Counts of violating the USPTO Code and the USPTO Rules. (A.28-53).

Count I of the Complaint alleges that Appellant submitted falsified emails to his supervisors at Pierce Atwood. (A.11; A.33-35). This conduct was alleged to have violated 37 C.F.R. § 11.804(c) (conduct that involved dishonesty, fraud, deceit, or misrepresentation) and/or 37 C.F.R. § 11.804(i) (conduct that reflected adversely on his fitness to practice). (A.35).

Count II alleged that Appellant violated 37 C.F.R. §§ 11.101 (competence), 11.103 (diligence), 11.104 (communications), 11.303 (candor towards the tribunal), 11.801(a) (conduct involving knowingly making a false statement of material fact), 11.801(b) (conduct involving failing to disclose a facts and cooperation with OED investigations), 11.804(c) (conduct that involved dishonesty, fraud, deceit, or misrepresentation), and 11.804(i) (conduct that reflected adversely on his fitness to practice). (A.38-40). The bases for these violations was, *inter alia*, the

allegation that he failed to provide notice to EAH of the irregularities involving the [REDACTED], [REDACTED], [REDACTED] and '450 applications until June 13, 2016. (A.11; A.36-37).

Count III alleges that Appellant failed to appropriately communicate with EAH about reviving the abandoned patent applications and failed to file petitions to revive, in violation of 37 C.F.R. §§ 11.101 (competence), 11.103 (diligence), 11.104 (communications), and/or 11.804(i) (conduct that reflected adversely on his fitness to practice). (A.16; A.40-44).

Count IV alleged Appellant failed to obtain EAH's informed consent to the risks associated with transacting business with his client. (A.19; A.44-48). Specifically, the Complaint alleged that Appellant's 5% ownership interest in EAH created a conflict of interest in violation of 37 C.F.R. §§ 10.62 (2012) (refusing employment with the interest of the practitioner may impair the practitioner's independent professional judgment), 10.65 (2012) (limiting business relations with a client), and 11.108(a) (conflicts of interest), and/or §§ 10.23(b)(6) (2012) (conduct that reflected adversely on his fitness to practice), and 11.804(i) (conduct that reflected adversely on his fitness to practice). (A.19; A.47-48).

Count V alleged that Appellant lied to the BBO about his disciplinary history in violation of 37 C.F.R. §§ 11.303(a) (candor toward the tribunal), 11.801(a) (conduct involving knowingly making a false statement of material fact), 11.804(c) (conduct that involved dishonesty, fraud, deceit, or misrepresentation), and/or 11.804(i) (conduct that reflected adversely on his fitness to practice). (A.22; A.48-51).

Appellant timely filed his Answer to the disciplinary Complaint on February 1, 2018. (A.70-79).

The OED Director requested a postponement to the disciplinary hearing on the basis that a key witness, John Kikoski, had moved to Japan and would not be available to provide testimony

until August, 2018, at the earliest. (A.137-40). That request was granted by order dated March 9, 2018. (A.150-52).

On March 2, 2018, the OED Director filed a Motion for Partial Summary Judgment, seeking summary judgment on Counts I and V of the Complaint and an order suspending Appellant from practice before the USPTO for three (3) years. (A.107-36). On May 9, 2018, the Court granted the requested summary judgment in the OED Director's favor with regard to Count I but declined to grant summary judgment on Count V. (A.178-84). The ALJ declined to impose sanctions, finding that material facts remained in dispute. (A.183).

On May 14, 2018, the ALJ issued a Second Notice of Hearing and Order, scheduling the disciplinary hearing for October 2018, and setting various prehearing deadlines. (A.185-90). This included deadlines for the parties to submit their exhibit lists. Despite this, Appellant did not file any exhibits with the ALJ. Instead, he filed a motion to reschedule the hearing, a motion to reschedule the deadline to submit exhibits, and a motion to order the production of a confidential settlement agreement between two nonparties to the disciplinary matter, Appellant's former law firm and a former client. (A.297-301). Those motions were denied. (A.328-30). However, in the omnibus order dated October 5, 2018, the ALJ permitted Appellant to attempt to introduce late-disclosed exhibits relating to John Kikoski's testimony since he had been deposed on October 1, 2018, and permitted him to object to testimony regarding the confidential settlement agreement if the agreement was not produced. (A.329).

A hearing in this matter was held on October 16-17, 2018. (A.3970-4270). At the hearing, testimony was heard from Appellant and OED staff attorney Andrew Roberts. Additionally, the ALJ accepted transcripts of Mr. Kikoski's video-recorded deposition testimony and the

deposition testimony of Kevin Farrell. Exhibits from both parties were accepted into evidence. Both parties filed post-hearing briefs. (A.628-84).

The ALJ issued the Initial Decision on June 14, 2019, finding that Appellant violated multiple ethics rules. *See Infra.*, Sec. III. After considering relevant aggravating and mitigating factors, the ALJ ordered that Appellant be excluded from the practice of patent, trademark, and other non-patent matters before the USPTO. (A.26). This appeal followed.

III. INITIAL DECISION BY ADMINISTRATIVE LAW JUDGE

On June 14, 2019, the ALJ issued the Initial Decision in this matter and concluded that the OED Director clearly and convincingly established that Appellant violated 37 C.F.R. §§ 11.101, 11.103, 11.104, 11.303(a), 11.801(a) and (b) and 11.804(c) (Count II); 37 C.F.R. §§ 11.101, 11.103, 11.104 (Count III); and 37 C.F.R. §§ 10.62 (2012), 10.65 (2012), and 11.108(a) (Count IV). (A.23).³ After making these findings, and considering the factors under 37 C.F.R. § 11.54(b), the ALJ concluded that Appellant should be excluded from practice before the USPTO in patent, trademark, and non-patent matters. (A.23-26).

IV. DECISION

Appellant is a registered patent attorney. (A.5; A.29 ¶ 2; A.70 ¶ 2). Thus, he is subject to the USPTO's disciplinary authority. *See* 37 C.F.R. § 11.19(a). For the conduct involved in this disciplinary case, Appellant was subject to the ethical requirements set forth in both the USPTO Code and the USPTO Rules. The OED Director must prove violations of the USPTO Code or USPTO Rules by clear and convincing evidence. *See* 37 C.F.R. § 11.49; *see also In re Johnson*, Proceeding No. D2014-12, at 2 (USPTO Dec. 31, 2014) (Initial Decision).

³ As already noted, on May 9, 2018, the ALJ granted summary judgment on Count I, finding that Appellant violated 37 C.F.R. § 11.804(c) by fabricating three emails and forwarding them to his supervisors in an attempt to mislead the firm into believing he had timely notified EAH in writing of the filing irregularities regarding the [REDACTED], [REDACTED], [REDACTED], and 450 applications. (A.11; A.23; A.180-82).

USPTO regulations permit a party to appeal an ALJ's Initial Decision to the USPTO Director within thirty days (30) of issuance of the Initial Decision. *See* 37 C.F.R. § 11.55(a); *see also* 35 U.S.C. § 2(b)(2)(D). On appeal, the USPTO Director has authority to conduct a *de novo* review of the factual record and may affirm, reverse, or modify the initial decision, or remand the matter to the hearing officer for such further proceedings as the USPTO Director may deem appropriate. *See* 37 C.F.R. §§ 11.55(f), 11.56(a).

Here, Appellant appeals from the Initial Decision entering judgment in favor of the Agency and excluding Appellant from the practice of patent, trademark, and other non-patent matters before the USPTO. In support of his appeal, Appellant challenges the ALJ's reliance on Mr. Kikoski's testimony by generally disputing the ALJ's credibility determinations. (Appeal at 3-5, 6-15, 17-22, 24). He also disputes the ALJ's finding that Appellant asked for a 5% interest in EVH. (Appeal at 15-16). Finally, he claims he is remorseful for sending fabricated emails but that those emails were factually true. (Appeal at 17).

The Director, having considered Appellant's appeal brief,⁴ the OED Director's response brief, as well as the record of the proceedings before the ALJ, finds that there is ample factual and legal support for the ALJ's Initial Decision. Consequently, the Initial Decision of the ALJ is **AFFIRMED**.

A. Count I.

On May 9, 2018, the ALJ granted summary judgment on Count I of the Complaint, finding that Appellant violated 37 C.F.R. § 11.804(c) when he fabricated emails to his supervisors at

⁴ On September 4, 2019, the USPTO Director granted an OED Director Motion to Strike Respondent's Appeal Brief on the basis that the appeal brief failed to comply with the filing requirements of 37 C.F.R. § 11.55. However, Respondent was permitted to file an amended Appeal Brief that complies with all filing requirements, which he did October 3, 2019. The citations to "Appeal" refer to the Modified Appeal Brief submitted by Appellant on October 3, 2019.

Pierce Atwood. (A.180-82). Under 37 C.F.R. § 11.804(c), “[i]t is professional misconduct for a practitioner to . . . [e]ngage in conduct involving dishonesty, fraud, deceit or misrepresentation.” (A.181) (citing *In re Lane*, Proceeding No. D2013-07, slip op. at 14 (USPTO Mar. 11, 2014) (defining “deceit,” “dishonesty,” and “misrepresentation”) and *In re Slaughter*, 929 A.2d 433, 445-46 (D.C. 2007)(finding that attorney engaged in “conduct involving dishonesty, fraud, deceit, or misrepresentation” when he placed a forged contingency agreement and other altered documents in a client’s file to mislead his firm)). The ALJ’s finding here is upheld based on Appellant’s own admissions.

The undisputed facts establish that in early 2016, Mr. Kevin Farrell, the lead chair of Pierce Atwood’s patent practice group and Appellant’s supervisor, discovered that Appellant had not entered any time into the firm’s billing records for several months. (A.8; A.332 ¶¶ 8-9; A.870; A.3487:11-22; A.3553-57). Further investigation revealed four apparent filing irregularities in the firm’s electronic docketing system pertaining to four (4) of the patent applications Appellant was handling for EAH. (A.8; A.332 ¶ 9; A.870). Specifically, the docketing system displayed the following messages: “CONFIRM FILING DATE” for the █████ application; “CHECK PRIORITY INFO” for the █████ and █████ applications; and “FILE PETITION TO REVIVE?” for the ‘450 application. (A.8; A.71 ¶ 11-13; A.332 ¶¶ 10-13; A.870-71; A.3556:2-7). As a result of these irregularities, on March 9, 2016, Mr. Farrell and Pierce Atwood’s Managing Partner, David Barry, met with Appellant and inquired about the four filing irregularities. (A.8; A.334 ¶ 36; A.71 ¶ 23; A.871; A.3559:11-16). In that meeting, they asked Appellant whether EAH was aware of the four filing irregularities. (A.8; A.334 ¶ 36; A.71 ¶ 23; A.871; A.3560:13-20). Appellant responded affirmatively and agreed to provide evidence via his communications with EAH. (A.8; A.335 ¶ 37; A.71 ¶ 24; A.871; A.3561:12-16). However, although Mr. Farrell raised

this issue with Appellant several more times in the following weeks, Appellant never produced the evidence of his communications with EAH about the filing irregularities. (A.8; A.71 ¶ 25-7; A.335 ¶¶ 38-40; A.871; A.3560). Finally, on the morning of April 14, 2016, Mr. Farrell directed Appellant to provide evidence of his communications with EAH no later than 2:00 that afternoon. (A.9; A.71 ¶ 27; A.335 ¶ 40; A.3562:14-17; A.3563:1-20). Appellant did not provide the requested evidence by the close of business on April 14, 2016. (A.71 ¶ 28; A.335 ¶ 41; A.871; A.3563:1-20).

On April 15, 2016, Appellant forwarded three emails to Mr. Farrell as evidence that he had informed EAH of the four filing irregularities and advised how to address those irregularities. (A.9; A.335 ¶¶ 43, 45; A.871; A.875-77). Each of the emails was dated February 5, 2016 and addressed to “John” at [REDACTED]. (A.9; A.335 ¶ 43; A.873; A.A875-77). February was misspelled in one of the email headers. (A.877). Having concerns about the emails’ authenticity, Mr. Farrell asked Pierce Atwood’s IT Director to review the emails Appellant provided. (A.871). That review confirmed that Appellant had sent the emails to an invalid email address on the morning of April 15, 2016, not February 5, 2016. (A.9; A.335-36 ¶¶ 46-47; A.336 ¶ 50; A.871-73). Subsequent to sending the three email messages to Mr. Kikoski’s incorrect email address, Appellant forwarded the sent messages to his personal email account before sending them back to his Pierce Atwood account and forwarding them to Mr. Farrell, which allowed him to alter the “sent” dates to make it appear as if the messages had been sent two months earlier. (A.9; A.335-36 ¶¶ 46-47; A.871-73). Appellant admits that he knew Mr. Kikoski’s email was actually [REDACTED] not [REDACTED] (A.9; A.335 ¶ 44; A.336 ¶ 50(e); A.72 ¶ 32; A.3673:12-22).

In an April 21, 2016 meeting with Mr. Farrell and Mr. Barry, Appellant admitted to falsifying the emails. (A.9; A.72 ¶ 39; A.337 ¶ 52; A.873). Although Appellant claims that he had communicated orally with Mr. Kikoski about the filing irregularities, there is little support for that finding in the record such as the dates or details of such conversations. Additionally, any oral communications with Mr. Kikoski that allegedly occurred does not excuse or justify the act of fabricating the emails to Pierce Atwood, which Appellant plainly admits and the record supports. Consequently, the ALJ's finding that Appellant violated 37 C.F.R. § 11.804(c), as alleged in Count I, is upheld.

B. Count II.

Regarding Count II of the Complaint, the ALJ concluded that Appellant violated 37 C.F.R. §§ 11.101, 11.103, and 11.104 when he failed to keep EAH promptly and reasonably informed of the status of their patent applications and for failing to exercise the diligence and competence required of a patent practitioner. (A.16). Further, he concluded that Appellant violated 37 C.F.R. § 11.303(a)(1), (3) and § 11.801(a) and (b) when he falsely represented to the Massachusetts BBO and to OED that he had timely informed EAH of the filing irregularities. (*Id.*) Finally, the ALJ concluded that Appellant engaged in “conduct involving dishonesty, fraud, deceit, or misrepresentation” in violation of 37 C.F.R. § 11.804(c) by lying to his firm, the BBO, and the OED about whether he had timely informed his client of the filing irregularities.⁵ (*Id.*) As discussed further below, because these finding are amply supported by the record, the findings are upheld.

⁵ The ALJ also concluded that that Appellant violated § 11.804 by asking Mr. Kikoski to support this false story before the BBO. (A.16). However, the record does not appear to support this finding.

1. Appellant's conduct violated 37 C.F.R. §§ 11.101, 11.103, 11.104.

Under the provisions of 37 C.F.R. § 11.101, a practitioner shall provide competent representation to a client. USPTO's Rules also require a practitioner to provide competent representation and to act with "reasonable diligence and promptness" when representing clients. 37 C.F.R. §§ 11.103, 11.104. (A.15) (citing *In re Stecewycz*, Proceeding No. 2015-09, slip op. at 13-4 (USPTO Dec. 16, 2015)). The ALJ concluded that Appellant violated these provisions when he failed to promptly notify EAH of the filing irregularities and consult with EAH about how to address those irregularities. (A.15). Further, Appellant was found to not have handled the four applications diligently and competently, identifying numerous failures by Appellant including filing three applications late (■■■■, ■■■■, and ■■■■ applications) and claiming wrong priority dates; allowing the '450 application to be abandoned for failure to pay fees; and failing to address his errors or to make EAH aware of the problems with the patent applications until June 13, 2016. (A.15-16). As stated below, these conclusions are supported by the patent application filings and related USPTO communications, emails between Mr. Kikoski and Appellant, as well as Appellant's own admissions and stipulations.

The uncontroverted facts are that, on ■■■■■■■■■■, Appellant filed the specification and claims for the ■■■■ application. (A.7; A.334 ¶ 30; Gov. Ex. 77). Although the application claimed priority from a provisional application Appellant had filed on ■■■■■■■■■■, because Appellant did not file the drawing associated with the ■■■■ application until ■■■■■■■■■■, the priority date had been lost. (A.7; A.71 ¶ 21; A.334 ¶¶ 30, 33; Gov. Ex. 77 at 17; Gov. Ex. 96). Appellant failed to file the required Petition necessary to restore the benefit of the provisional filing date. (A.7; A.334 ¶ 34).

Similarly, on November 19, 2015, the [REDACTED] and [REDACTED] applications were filed on behalf of EAH by one of Appellant's Pierce Atwood associates, each claiming priority from a provisional application allegedly filed with the USPTO on November 19, 2014. (A.8; A.71 ¶ 16; A.333 ¶¶ 18, 25; Gov. Ex. 79 at 20; Gov. Ex. 80 at 5; Gov. Exs. 94-95). However, the cited provisional applications had actually been filed on *September* 19, 2014 and Appellant was made aware of this in the filing receipts for these applications. (A.8; A.333 ¶ 18; A.2547; A.2687; Gov. Ex. 94 at 3; Gov. Ex. 95 at 3). As a result, the [REDACTED] and [REDACTED] applications were filed more than a year after the associated provisional applications and restoring the benefit of the provisional filing dates required the filing of a petition under 37 C.F.R. § 1.78(b), which Appellant failed to do. (A.7-8; A.71 ¶¶ 17, 19; A.334 ¶¶ 21-22, 28-29). Finally, although USPTO also issued a "Notice To File Missing Parts" for each application on [REDACTED], as a result of the filing fees having not been paid and an abstract describing the technical disclosures not being provided, Appellant did not file a response to the Notices. (A.8; A.333 ¶¶ 23-24).

Finally, on November 23, 2015, the '450 application was filed on behalf of EAH by one of Appellant's Pierce Atwood associates. (A.8; A.332 ¶ 14; Gov. Ex. 78). On January 20, 2016, USPTO mailed a Notice of Abandonment for the '450 application to Pierce Atwood, stating that it had gone abandoned for failure to file the full U.S. basic national filing fee within 30 months. (A.8; A.2496). Respondent did not file a petition to revive the '450 application. (A.8; A.333 ¶ 16; A.71 ¶ 14).

Appellant was not unaware of the issues associated with these, and other, EAH patent applications. Mr. Kikoski began receiving a series abandonment notices for various patent applications in July, 2015 and continuing into January 2016. (A.7; A.338 ¶ 69; A.339, ¶¶ 70-75; A.828-35; A.837-47). Mr. Kikoski communicated receipt of these notices to Appellant. (A.828)

“As recent as last week, you assured me that everything was fine with all [EAH] PTO matters. Clearly, this is not the case. I am shocked by what has transpired and need your assistance to correct these matters as soon as possible.”); *see also* A.339 ¶ 70-75; A.828-35; A.837-47). Appellant repeatedly reassured him that the notices were “Standard operating procedure” and “no big deal” and, further, that Appellant would refile or reinstate the patent applications. (A.7; A.3673:5-8). However, he did not consult with EAH or Mr. Kikoski regarding how to address these applications and he did not refile or reinstate any of the patent applications.

In summary, the record supports the uncontested findings that Appellant did not handle the four applications noted above diligently and competently. He committed numerous failures regarding EAH’s patent applications, including filing three applications late (■■■■, ■■■■, and ■■■■ applications) and claiming wrong priority dates; allowing the ‘450 application to be abandoned for failure to pay fees; and failing to address his errors, consult with EAH, and to make EAH aware of the problems with the patent applications until June 13, 2016. This conduct is a violation of Appellant’s obligations under 37 C.F.R. §§ 11.101, 11.103, and 11.104. Thus, the ALJ’s conclusions are upheld.

2. Appellant’s conduct violated 37 C.F.R. §§ 11.303 and 11.801(a) and (b).

Pursuant to 37 C.F.R. § 11.801 a practitioner shall not, in relevant part, knowingly make a false statement of material fact, or knowingly fail to disclose a fact necessary to correct a known misapprehension, in connection with a disciplinary matter. Further, 37 C.F.R. § 11.303(a)(1) and (3) prohibit a practitioner from knowingly making a false statement of fact or law to a tribunal and from offering evidence known to be false. The ALJ concluded these provisions were breached when Appellant lied to his firm, and when he lied to the BBO and OED about whether he had timely informed EAH of the filing irregularities associated with its patent applications.

(A.16). It has already been established, on the foundation of Appellant's own admissions, that Appellant lied to his firm. *See supra* at Sect. IV.A. But the record also supports the ALJ's finding that Appellant lied to the BBO and OED. While Appellant admitted to the BBO and OED that he had sent the three fabricated emails to Mr. Farrell, he also stated to both tribunals that, despite fabricating the emails, he had orally advised EAH of the filing irregularities involving the ■■■, ■■■, ■■■, and '450 applications. (A.10; A.909-18). The facts, however, do not support Appellant.

Appellant has not and cannot identify or provide any specific facts to show that he had orally advised anyone at EAH of the filing irregularities, such as dates of calls. The ALJ did not find Appellant's unsupported testimony that he timely notified EAH of the filing irregularities to be credible (A.14) and there is no reason to disturb that determination. *See infra* at 32-35. In addition, and contrary to Appellant's unsupported assertions, Mr. Kikoski stated that he was first informed of the irregularities associated with the EAH patent applications on June 13, 2016. (A.4233). That testimony was corroborated by Mr. Kikoski's June 16, 2016 email communication to Pierce Atwood wherein Mr. Kikoski stated "[e]arlier this week, [Appellant] brought to my attention some irregularities that occurred while he was employed at Pierce Atwood LLP." (A.852). Thus, the ALJ's conclusion that Appellant lied to the BBO and OED in violation of 37 C.F.R. §§ 11.303 and 11.801(a) and (b) when he stated that he timely advised EAH of the filing irregularities through oral communications is upheld.

3. Appellant's conduct violated 37 C.F.R. § 11.804(c).

The last finding for Count II concerns 37 C.F.R. § 11.804(c), which states it is professional misconduct for a practitioner to "engage in conduct involving dishonesty, fraud, deceit, or misrepresentation." The ALJ concluded that "by lying to his firm, the BBO, and OED about

whether he had timely informed his client of the filing irregularities, and by asking [Mr.] Kikoski to support this false story before the BBO, [Appellant] engaged in ‘conduct . . .’ in violation of 37 C.F.R. § 11.804(c). (A.15). Appellant claims that this finding is unsupported and that he, through his attorneys, made every effort to be transparent with the BBO and OED. (Appeal at 25). In addition, he argues that, although he did mislead his firm and fabricate evidence of written client communications, he reiterates the claim that he did not mislead his client as the content of those fabricated emails were true. (*Id.*)

As support for finding Appellant violated § 11.804(c), the OED Director references the three fabricated emails presented to Pierce Atwood and that Appellant admits to sending; Appellant’s false statement to BBO and OED that he timely informed EAH about the problems with the applications; and Appellant’s misleading statements to his client, EAH, when he told Mr. Kikoski that the abandonment notices he had been receiving were no big deal and that he would handle them. (OED Response at 14-7).⁶

That Appellant fabricated the three emails to Pierce Atwood is undisputed, as already discussed. Similarly, that Appellant lied to the BBO and OED when he stated that he timely advised EAH of the filing irregularities through oral communications is also beyond dispute. *See supra.* at Sec. IV.B.2 . As already noted, Appellant has not and cannot identify or provide any specific facts to show that he had orally advised EAH of the filing irregularities, such as dates of calls. On the other hand, Mr. Kikoski stated that he was first informed of irregularities associated with the EAH patent applications on June 13, 2016 and that testimony was corroborated by a June 16, 2016 email from Mr. Kikoski to Pierce Atwood. (A.852; A.4233). Finally, it is also

⁶ The OED Director does not argue that there is support for finding that Appellant asked Mr. Kikoski to support this false story before the BBO. Support for that finding could not be discerned in the record. However, even without support for this finding, there are other, sufficient bases for finding that Appellant violated 37 C.F.R. 11.804(c).

beyond dispute that Appellant repeatedly assured Mr. Kikoski that the abandonment notices had been receiving were “no big deal” and that he would handle them. Emails in the record and Mr. Kikoski’s testimony, which the ALJ credited, support this finding. (A.339 ¶¶ 70-75; A.828-35; A.837-47; A.3673:5-8). In truth, and contrary to his assurances, Appellant was doing nothing to address or remedy the various notices that Mr. Kikoski had received.

Sending the fabricated emails, lying to BBO and OED, and lying to his client about the status of a patent application plainly constitute dishonesty, deceit, and/or misrepresentation in violation of 37 C.F.R. § 11.804(c). Case law also supports this finding. *See In re Fuess*, Proceeding No. D2015-08 at 54-55 (Initial Decision July 21, 2017) (violation of 11.804(c) to make false statements to OED); *In re Schwedler*, Proceeding No. D2015-38, at 6 (USPTO Mar. 21, 2016) (lawyer telling a client that he had everything in order to file a response when the application had been abandoned was a misrepresentation in violation of 11.804(c)). *See also In re Scanio*, 919 A.2d 1137, 1142-43 (D.C. 2007) (“dishonesty” includes “conduct evincing a lack of honesty, probity or integrity in principle; a lack of fairness and straight-forwardness”); *Ligon v. Stille*, 371 S.W.3d 615, 675-6 (Ark. 2010) (lawyer applying for *pro hac vice* admission misleading court about his disciplinary history was constitutes dishonesty, fraud, deceit or misrepresentation).⁷ Consequently, there are sufficient factual and legal bases for the ALJ’s conclusion that Appellant violated 37 C.F.R. § 11.804(c) when he lied to his firm, when he lied to the BBO and OED about whether he had timely informed his client of the filing irregularities, and when he misled Mr. Kikoski by assuring him the abandonment notices he had been receiving were no big deal and that he would handle them. Thus, the ALJ’s conclusion is upheld.

⁷ Although the OED Director attempts to buttress the finding that Appellant violated § 11.804(c) by arguing other instances of dishonesty, fraud, deceit, and/or misrepresentation, it is not necessary to parse out those arguments given that undisputed facts that have already been discussed provide ample basis for finding a violation under this provision.

C. Count III.

As to Count III, the ALJ concluded that Appellant violated 37 C.F.R. §§ 11.101, 11.103 and 11.104 when he failed to act in a manner that was competent and diligent by failing to keep EAH reasonably informed of the status of its patent matters and contributed to the loss of its intellectual property rights. (A.18). Although Appellant led EAH to believe he would revive the Notices of Abandonment and stated the notices were not a major concern, he failed to revive any of them and failed to consult with EAH about how to proceed. (*Id.*) Appellant's testimony that EAH's ability to pay for the services to revive the applications was the reason the applications were not revived was not credited. (*Id.*) These findings are upheld, as discussed further below.

As the facts have already established, in July 2015, Mr. Kikoski started numerous receiving notices of abandonment in connection with pending EAH patent applications. (A.7; A.338 ¶ 69; A.339, ¶¶ 70-75; A.828-35; A.837-47). As already shown, these notices of abandonment stemmed directly from filing irregularities and errors that Appellant made in connection with those applications. *See supra*, Sect. I, Findings of Fact 9(a)-(c). It is uncontroverted that Appellant made no effort to revive any of the EAH patent applications despite telling Mr. Kikoski that he would do so. (A.333 ¶¶ 16, 22, 24; A.334 ¶¶ 29, 34; A. 339 ¶¶ 70-76). Thus, the ALJ's determination that this misconduct violated 37 C.F.R. §§ 11.101, 11.103 and 11.104 is upheld.

In an attempt to undermine the ALJ's finding here, Appellant spends a great deal of time arguing about the reasons EAH decided not to revive some or all of its patent applications. (Appeal at 6-15). Appellant claims that the failure to revive the abandoned applications was due to EAH's directive to "wait until funding was achieved and work on all the applications at one time in relatively large integrated applications." (Appeal at 19). He further claims that EAH had

the opportunity to revive the applications through Pierce Atwood and declined to do so, undercutting the stated value of the company and/or the value of EAH intellectual property. (Appeal at 18). The probative value of these assertions is, at best, questionable since EAH's decision to forego curative measures regarding the abandoned applications in no way negates Appellant's misconduct. His duties to provide diligent, competent representation and to keep his client reasonably informed exist independently of EAH's decisions regarding its patent portfolio. In addition, and as discussed further below, his assertions also lack any factual support.

First, as noted in the ALJ's opinion, Appellant's assertion that he was instructed not to revive the abandoned applications is directly refuted by the multiple emails to Mr. Kikoski reassuring him that he would reinstate the abandoned patent applications. (A.339 ¶¶ 70-75; A.830-35; A.837-47).

Further, Appellant's assertion that EAH the abandonments were because the applications simply were not valuable, and thus allowed to lapse due to their lack of value, is without any merit. The ALJ properly credited Mr. Kikoski's testimony over that of Appellant and there is not reason to disturb those credibility determinations. *See infra* at 32-35. Mr. Kikoski stated that EAH ultimately allowed its patent applications to go abandoned as a result of its patent portfolio being "a total mess." (A.10; A.3730; A.3586-87). Mr. Kikoski stated that problems identified with their patent portfolio included expired provisional application that caused a loss of priority dates and claims; utility patents that were significantly narrower in scope than the provisional applications and which failed to properly capture the inventors' claims; and applications being filed without sufficient prior art and claim development such that their value was limited. (A.10; A.3730:13-22; A.3743:11-21; A.3763:13-22; A.3764-65). Further, he stated that the market had caught up to EAH's novel ideas. (A.10; A.3742-43). The company's reputation and the

relationships between the founding members had also been irreparably damaged. (A.10; A.1325; A.3742:11-3). Those reasons are the sole reasons EAH did not revive the applications that Appellant allowed to be abandoned. Further, regardless of what Appellant believed regarding EAH's decisions to not revive EAH's mishandled patent applications, and regardless of Appellant's beliefs about EAH's financial situation, Appellant still had a duty to consult with EAH and determine how EAH wished to proceed. Appellant did not do that.

Because the record fully supports the ALJ's findings that Appellant made no effort to consult with EAH about the status of its patent applications and failed to take any action to attempt to revive any of the mishandled EAH patent applications, the conclusion that this conduct violated 37 C.F.R. §§ 11.101, 11.103 and 11.104 is upheld.

D. Count IV.

For the last count, Count IV of the Complaint, Appellant is alleged to have failed to obtain EAH's informed consent to the risks associated with Appellant transacting business with a client. The ALJ concluded that Appellant violated 37 C.F.R. § 11.108(a) on and after May 3, 2013 by engaging in an ongoing business transaction with EAH whereby he held a 5% ownership interest in the company in exchange for his legal services and by failing to obtain EAH's informed consent to this arrangement in writing. (A.21). Appellant's conduct was also found to have violated 37 C.F.R. §§ 10.62 and 10.65 prior to May 3, 2013.

Pursuant to 37 C.F.R. § 11.108(a), a practitioner is prohibited from entering into a business transaction with a client or knowingly acquiring an interest adverse to a client unless (1) the transaction and its terms are fair and reasonable to the client and are fully disclosed in writing in a way that the client can reasonably understand; (2) the client is advised in writing that he should seek the advice of independent legal counsel, and has a reasonable opportunity to do so; and (3)

the client gives informed consent in writing to the essential terms of the transaction and the practitioner's role. Under 37 C.F.R. § 10.62, except with the consent of a client after full disclosure, a practitioner "shall not accept employment if the exercise of the practitioner's professional judgment on behalf of the client will be or reasonably may be affected by the practitioner's own financial, business, property, or personal interests." Relatedly, 37 C.F.R. § 10.65 provides that, unless the client has consented after full disclosure, a practitioner "shall not enter into a business transaction with a client if they have differing interests therein and if the client expects the practitioner to exercise professional judgment therein for the protection of the client." "While these rules do not impose an absolute bar on a representation in the presence of a conflict of interest, they require practitioners to 'vigilantly and critically scrutinize all of their business relationships to ensure that they do not accept representation of a client under circumstances where their exercise of professional judgment on behalf of [the] client reasonably could be affected by the practitioner's other interests.'" (A.19) (alteration in original) (quoting *In re Bender*, Proceeding No. D2000-01, slip op. at 31 (USPTO Sept. 30, 2003)). Further, when a conflict of interest exists, the rules require the practitioner, at a minimum, disclose the conflict to the client and explain how it may affect his exercise of professional judgment. (*Id.*) (citing *In re Bender*, No. D2000-01, at 32).

Here, the record plainly supports the ALJ's conclusions. Appellant requested received a 5% ownership interest in EAH in lieu of other compensation for his legal services. (A.75 ¶ 86; A.340-41 ¶¶ 86-87, 89; A.341-42 ¶ 92; A.911; A.916; A.3649:12-6; A.3779; A.3881-925; A.3844-79; A.3927-69). He admitted that he did not obtain informed consent from EAH to the risks associated with transacting business with a client. (A.342 ¶ 93; A.3649-50). He also admitted that he did not give EAH any disclosure about the risks associated with his business

relationship with EAH. (A.342 ¶ 94). Appellant did not disclose any potential risks, nor did he talk to the members of EAH or its representative about what would happen to his agreement to represent the company without charge if there came a time when he no longer thought his interest in EAH had any value. (*Id.*) Appellant did not disclose to the members of EAH the risk that, under the arrangement whereby he obtained an interest in the company in exchange for providing legal services, his motivation to continue to diligently provide services might be affected by how much he valued the interest in the company. (A.342 ¶ 95).

As the ALJ noted, accepting an interest in a client's business as compensation for legal services constitutes a "business transaction" that requires a practitioner to make written disclosures and obtain the client's informed consent in writing pursuant to § 11.108. (A.21) (citing ABA, Model Rules of Prof'l Conduct R. 1.8 cmt. 1 (2017); ABA Comm. on Ethics & Prof'l Responsibility, Formal Op. 00-418 (2000) (requiring compliance with rule where attorney acquired stock in client corporation in lieu of cash fee). Appellant engaged in such a transaction over the course of several years, between April 2013 and June 2016. (A.338 ¶ 68; A.823; A.3647-48; A.4247-48). Despite that, he admits to not disclosing the risks or obtaining informed consent from EAH. (A.342 ¶¶ 93-95). Thus, he violated 37 C.F.R. § 11.108(a).

Similarly, prior to May 2013, his conduct violated the USPTO Code. It is uncontroverted that in April, 2013, Appellant accepted employment with EAH without obtaining informed consent to the inherent conflict in violation of 37 C.F.R. § 10.62. (A.75 ¶ 81; A.340 ¶¶ 84-85; A.3831-36). Further, his compensation arrangement, as agreed to in April 2013, constituted a business transaction in which his interests diverged from EAH's, he should not have engaged in this transaction without obtaining informed consent. Thus, he also violated 37 C.F.R. § 10.65. (A.21) (citing *Comm. on Prof'l Ethics & Conduct v. Mershon*, 316 N.W.2d 895 (Iowa 1982) (finding

that attorney violated ethics rules by forming corporation with client without fully disclosing potential conflict of interest, even though attorney acted honestly and did not profit from the transaction).

In his appeal, Appellant disputes the ALJ finding that Appellant asked for a 5% interest in EAH. (Appeal at 15). He argues that Mr. Kikoski offered the interest in EAH to him but the arrangement was never signed. (*Id.*) In his view, the fact that there was no written agreement means no conflict existed under the USPTO disciplinary rules. (Appeal at 15-16). But this argument is contrary to the record and his own admissions. For example, Appellant admitted to both BBO and OED that he did own such an interest. (A.911) (“Mr. Walpert agreed to accept a minority interest in EnvAir (although the drafted LLC documents were never signed) and provided advice in connection with intellectual property matters without charging any fees.”); A.916 (“Mr. Walpert holds a minority interest in EnvAir.”). These admissions are consistent with the testimony of Mr. Kikoski that Appellant held a 5% ownership interest in EAH. (A.3649). Appellant also admitted that he received no other compensation for the services he provided to EAH. (A.911; A.3649:12-6). Thus, it is concluded that Appellant asked for, and held, a 5% ownership interest in EAH that triggered the disclosure and informed consent provisions of the USPTO Code and Rules.

USPTO precedent supports violations of 37 C.F.R. §§ 10.62, 10.65 and 11.108(a) here. As the OED Director noted in his brief, practitioners have been disciplined for transacting business with their client without obtaining the client’s informed consent. *See In re Lane*, Proceeding No. D2011-64 (USPTO Feb. 8, 2012) (practitioner reprimanded and placed on probation for, *inter alia*, failing to obtain client’s consent after full disclosure of the potential and actual conflicts of interest arising from the business relationship between the practitioner and the client); *In re*

Haley, Proceeding No. D2008-20 (USPTO Apr. 2, 2009) (reciprocal discipline proceeding suspending practitioner from practice before the USPTO based on practitioner's conduct in entering into a business transaction with the client without disclosing a possible conflict of interest); *In re Watkins*, Proceeding No. D2006-04 (USPTO June 18, 2008) (practitioner excluded on consent after he was disbarred in Arizona for, *inter alia*, acquiring stock in his client's company without disclosing the possible conflict of interest); *see also In re Estate of Brown*, 930 A.2d 249 (D.C. 2007) (non-disciplinary case finding that attorney violated District of Columbia Rule of Professional Conduct 1.8 by entering into an agreement with the client to market and list client's home in exchange for three-percent commission when attorney did not inform her of advantages and disadvantages of the transaction); *In re Davis*, 740 N.E.2d 855 (Ind. 2001) (attorney disciplined for, *inter alia*, becoming his client's business partner and banker without disclosing how his interests might be adverse); *In re Taylor*, 741 N.E.2d 1239 (Ind. 2001) (attorney disciplined for, *inter alia*, taking security interest in, and then ownership of, client's home without advising client to seek independent counsel for the transaction). That Appellant's actions violated the conflict of interest provisions is thus consistent with case law and supported by the record. The ALJ's conclusions are upheld.

E. Credibility.

In addition to certain individual challenges to the ALJ's findings, noted above, the vast majority of Appellant's appeal and arguments rests on his argument that the ALJ's credibility determinations were incorrect. Appellant "disputes all facts which rely upon Kikoski's testimony for their support." (Appeal at 3). He further claims his testimony was unsupported and that ALJ failed to "note *controverting evidence* set forth by [Appellant.]" (Appeal at 4) (emphasis added). In making this argument, Appellant spends nearly 10 pages disputing various points on which he

asserts that Appellant’s testimony was not credited, including what the ALJ characterized as the “fourth fake email,” proceedings before the ITC, the Walpert-Jaffrey lawsuit, the value of EAH’s portfolio, the issue of whether Appellant notified EAH of patent application irregularities, and whether or not EAH’s patent portfolio was salvageable. (Appeal at 6-15).

“When findings are based on determinations regarding the credibility of witnesses, [the rule] demands even greater deference to the trial court's findings; for only the trial judge can be aware of the variations in demeanor and tone of voice that bear so heavily on the listener's understanding of and belief in what is said.” *Anderson v. City of Bessemer*, 470 U.S. 564, 574-75 (1985) (citation omitted); *see also Doyle v. Arlington Cty. Sch. Bd.*, 953 F.2d 100 (4th Cir. 1991) (“due regard shall be given to the opportunity of the trial court to judge the credibility of the witnesses” and “[w]e may not reverse a trier of fact, who had the advantage of hearing the testimony, on the question of credibility.”); *M.L. v. Smith*, No. PX 16-3236, 2018 WL 3756722, at *6 (D. Md. Aug. 7, 2018) (citing *Doyle*); *King v. Board of Educ. of Allegany Cty., MD*, 999 F. Supp. 750, 770 (D. Md. 1998) (finding that credibility determinations of hearing officers during administrative hearings “who themselves have had the benefit of personal observation of the witnesses, are not to be lightly disregarded, either by state level reviewing administrative law judges, or reviewing district courts”); *Matter of Texas Mortg. Servs. Corp.*, 761 F.2d 1068, 1078 (5th Cir. 1985) (“We will not attempt to reassess the credibility of witnesses whom we have not had an opportunity to see on the stand.”). As the Supreme Court explained, “when a trial judge’s finding is based on his decision to credit the testimony of one of two or more witnesses, each of whom has told a coherent and facially plausible story that is not contradicted by extrinsic evidence, that finding, if not internally inconsistent, can virtually never be clear error.” *See Anderson*, 470 U.S. at 574-75.

The OED Director noted that the ALJ found by clear and convincing evidence that Appellant was not a credible witness. (OED Response at 21). The ALJ thoroughly explained why he discredited Appellant's testimony on key issues. (A.12-14). First, Appellant admitted to fabricating the three emails that he submitted to his supervisors at Pierce Atwood in an effort to cover up his misconduct. (A.12; A.72 ¶ 39; A.337 ¶ 52; A.873). Second, the evidence at the hearing established that Appellant also created a fourth fabricated email (A.12; A.836) that he submitted to the BBO as proof of client communications and then later attempted to retract. (A.12-13; A.1515-16; A.910). Third, an ALJ employed by the International Trade Commission ("ITC") found in a May 2007 decision (A.686-812) that, "while prosecuting two patents in 1988, Respondent had affirmatively misrepresented material facts with the intent to deceive the USPTO." (A.13). Andy Roberts, an employee of OED who investigated Mr. Walpert with respect to the 2007 ITC decision (and in connection with the present proceeding), testified that his investigation of the facts in the earlier proceeding corroborated the ITC's ALJ's findings. (A.13; A.4037-41). Fourth, Appellant's testimony at the hearing about his work for a client, Wingate Capital, was inconsistent with allegations that he had previously raised in a lawsuit against Wingate. (A.13; A.3999-4006). The ALJ also concluded that Appellant has a clear motive to lie and has consistently acted in a self-serving manner. (A.14). In drawing this conclusion, the ALJ noted that when Pierce Atwood confronted him about the EAH patent application filing irregularities, he "engaged in deceit" to preserve his own interest of saving his job over the interest of EAH. (A.14). And when he was terminated, he did not disclose the full circumstance of his termination to EAH instead reporting he had a disagreement with management and he did not disclose that the reasons for his termination concerned the work he

had done for EAH. (A.14). Based on these multiple instances of untruthfulness, the ALJ properly found that Respondent was not credible.

Contrary to Appellant, the ALJ found Mr. Kikoski to be credible. (A.14). In a reasoned discussion, the ALJ found there was no indication that Mr. Kikoski had any reason to lie, and that Mr. Kikoski was appearing as a result of receiving a subpoena, was not a party to the disciplinary proceedings and did not have interests aligned with that of the OED Director. (A.14).

After a review of the ALJ's analysis, and the reasons for finding Appellant's testimony to not be credible, it is determined there is no basis to disturb this conclusion. The analysis is supported by fact and, being present to witness all of the testimony, deference is to be accorded those findings. *See Anderson*, 470 U.S. at 574-75; *Doyle*, 953 F.2d at 100; *Smith*, 2018 WL 3756722, at *6; *King*, 999 F. Supp. at 770; *Matter of Texas Mortg. Servs. Corp.*, 761 F.2d at 1078. It is noted that, although Appellant goes to great lengths to parse out his disagreement with the ALJ's finding here, Appellant's own admissions are his undoing. The ALJ's findings that Appellant has shown a proclivity for untruthfulness is supported by Appellant's own admissions that he falsified the three emails he submitted to Pierce Atwood. (A.72 ¶ 39; A.337 ¶ 52; A.873). Similarly, when he was terminated, he did not disclose the full circumstance of his termination to EAH instead reporting he had a disagreement with management and he did not disclose that the reasons for his termination concerned the work he had done for EAH. (A.3682:1-6). Regardless of the other reasons, these uncontradicted admissions, which are significant and go to the very heart of the disciplinary matter against him, provide a sound and sufficient basis for the ALJ's finding that Appellant was not a credible witness.

V. SANCTION

An ALJ initial decision that imposes exclusion or suspension must explain the reason for imposing such a sanction after consideration of the following four factors:

- (1) Whether the practitioner has violated a duty owed to a client, to the public, to the legal system, or to the profession;
- (2) Whether the practitioner acted intentionally, knowingly, or negligently;
- (3) The amount of the actual or potential injury caused by the practitioner's misconduct; and
- (4) The existence of any aggravating or mitigating factors.

37 C.F.R. § 11.54(b)(1)-(4).

The Director of the USPTO reviews an appeal from an ALJ Initial Decision on the record before the ALJ. *See* 37 C.F.R. § 11.55(f); *see also Marinangeli v. Lehman*, 32 F. Supp. 2d 1, 5 (D.D.C. 1998). After such review, the ALJ's Initial Decision to exclude Appellant from practicing before the USPTO included a careful and proper analysis of the four factors set forth in 37 C.F.R. § 11.54(b).

Here, in concluding that exclusion was the appropriate sanction, the ALJ found that Appellant violated duties owed to his client, the public, the legal system, and the legal profession. (A.24-25). The ALJ also found that Appellant "acted intentionally in fabricating the emails at issue in Count I . . . when he lied to his firm, the BBO, and OED about whether he had advised EAH of the filing irregularities at issue in Count II" and when he "tried to recruit Kikoski to support his false story." (A.24). The ALJ also found that Appellant "acted knowingly and negligently in failing to represent EAH with diligence and competence and failing to properly communicate with the client as charged in Counts II and III," and "also acted knowingly and negligently in failing to obtain informed consent to conflicts of interest as

charged in Count IV.” (*Id.*) The ALJ observed that Appellant “caused significant harm by failing to preserve EAH's rights in its inventions.” (A.25). Lastly, he ALJ carefully considered the American Bar Association’s Standards for Imposing Lawyer Sanctions, including the presence of aggravating and mitigating factors for use in assessing attorney disciplinary sanctions, and concluded that exclusion was the appropriate sanction. (A.26).

In his appeal, Appellant does not make a specific challenge to the ALJ’s sanction. He merely asks that the sanction be reconsidered. (Appeal at 28). After a review of the ALJ’s analysis, however, it is concluded that the sanction of exclusion is the appropriate sanction. The ALJ’s analysis of the § 11.54 factors was reasonable and his findings are amply supported by the record. As such, the ALJ’s imposition of an exclusion from the practice of patent, trademark, and other non-patent matters before the USPTO is affirmed.

ORDER

Having considered Appellant’s appeal under 37 C.F.R. § 11.55 from the June 14, 2019 Initial Decision of the ALJ to exclude Appellant from practice before the USPTO in patent, trademark and other non-patent matters, it is **ORDERED** that the ALJ’s Initial Decision is **AFFIRMED**.

It is further:

ORDERED that Appellant is excluded from the practice of patent, trademark, and other non-patent matters before the USPTO;

ORDERED that the OED Director give notice pursuant to 37 C.F.R. § 11.59 of the public discipline and the reasons for the discipline to disciplinary enforcement agencies in the state(s) where Appellant is admitted to practice, to courts where Appellant is known to be admitted, and to the public;

ORDERED that the USPTO shall dissociate Appellant's name from any Customer Number(s) and USPTO verified Electronic System account(s), if any;

ORDERED that Appellant shall not apply for a USPTO Customer Number, shall not obtain a USPTO Customer Number, nor shall he have his name added to a USPTO Customer Number, unless and until he is reinstated to practice before the USPTO; and

ORDERED that Appellant shall comply with the provisions of 37 C.F.R. § 11.58 governing the duties of disciplined practitioner.

RECONSIDERATION AND APPEAL RIGHTS

Any request for reconsideration of this decision must be filed within twenty (20) days from the date of entry of this decision pursuant to 37 C.F.R. § 11.56(c). Any request for reconsideration mailed to the USPTO must be addressed to:

David Berdan
General Counsel
United States Patent and Trademark Office
600 Dulany St.
P.O. Box 1450
Alexandria, VA 22313-1450

A copy of the request must also be served on the attorney for the Director of Enrollment and Discipline:

Elizabeth A. Francis
Robin Crabb
Counsel for the Director of Office of Enrollment and Discipline
600 Dulany St.
P.O. Box 1450
Alexandria, VA 22313-1450

Any request hand-delivered to the USPTO must be hand-delivered to the Office of the General Counsel, in which case the service copy for the attorney for the Director shall be hand-delivered to the Office of Enrollment and Discipline.

If a request for reconsideration is not filed, and Appellant desires further review, Appellant is notified that he is entitled to seek judicial review on the record in the U.S. District Court for the Eastern District of Virginia under 35 U.S.C. § 32 “within thirty (30) days after the date of the order recording the Director’s action.” *See* E.D.Va. Local Civil Rule 83.5.

IT IS SO ORDERED.

01/19/2021

Date

David L. Berdan

David Berdan
General Counsel
United States Patent and Trademark Office

on delegated authority by

Andrei Iancu
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

cc:

Gary Walpert
Appellant

Elizabeth A. Francis
Robin Crabb
Associate Solicitors
Counsel for the Director of Office of Enrollment and Discipline